

STATE PROPERTIES COMMITTEE MEETING

WEDNESDAY, MAY 19, 2010

The meeting of the State Properties Committee was called to order at 10:06 a.m. by Chairman Kevin M. Flynn. Other members present were Robert Griffith representing the Rhode Island Department of Administration; Richard Woolley representing the Rhode Island Department of Attorney General; Robert W. Kay, Public Member. Others in attendance were Anthony Paolantonio from the Rhode Island House of Representatives; Meredith Pickering from the Rhode Island Senate Fiscal Office; Michael Sligar from the Rhode Island Office of the General Treasurer; Director W. Michael Sullivan, John Faltus, Lisa Primiano, Mary E. Kay, Steven Wright, Robert Paquette, Terri Bisson and Russell Chateauneuf from the Rhode Island Department of Environmental Management; Richard Kalunian and Colleen Kerr from the Rhode Island Department of Transportation; John Ryan from the Rhode Island Department of Administration; Frank DiBiase from the Rhode Island Department of Human Services; and Richard A. Licht from the law firm of Adler, Pollock and Sheehan.

Chairman Flynn noted for the record that the State Properties Committee did have a quorum present.

A motion was made to approve the minutes from the meetings of October 13, 2009, October 27, 2009, November 10, 2009, of April 9, 2010, and April 27, 2010, by Mr. Griffith and seconded by Mr. Kay.

Passed Unanimously

ITEM A – Department of Human Services – A request was made for final approval for the renewal of the Lease Agreement by and between Department of Human Services and 57 Associates, LP for the premises located at 77 Dorrance Street in the City of Providence and a request for a Certificate of Chairman of the State Properties Committee be forwarded to General Assembly. Item A is deferred to a future meeting of the State Properties Committee at the request of the Department of Human Services.

ITEM B – Department of Human Services – A request was made for approval of a Lease Agreement by and between Brookwood Middletown Tech, LLC and the Department of Human Services (“DHS”) for office space located at 76 Hammarlund Way in the Town of Middletown and to request a Certificate of Chairman of the State Properties Committee be forwarded to the General Assembly. Mr. Ryan explained that DHS is appearing before the Committee concerning two requests this morning. The first is to obtain approval of the Lease Agreement by and between Brookwood Middletown Tech, LLC and DHS for office space located at 76 Hammarlund Way in the Town of Middletown. The Lease Agreement is for a term of five (5) years. The leased premises consist of 12, 678 square feet with an annual rental fee of \$221,231. Mr. Ryan indicated that the Lease Agreement provides for employee parking, which accommodates seventy-five (75) vehicles. Mr. Ryan stated that the utilities and taxes are included in the base rent; however, as the Lease Agreement moves along, DHS will pay its proportionate share of any increases in said expenses. Additionally, janitorial service, trash disposal and

snow and ice removal are all included in the rental fee as well as the tenant's build-out. Mr. Ryan explained that because the term of the Lease Agreement is five (5) years and the aggregate rent is in excess of \$500,000, the Lease Agreement will also require the approval of the General Assembly. Mr. Ryan respectfully requested that Chairman Flynn forward the Certificate of Chairperson of the State Properties Committee and cover letter to the General Assembly in order to obtain the necessary funding approval. Chairman Flynn asked what DHS is paying in rent at the current location. Mr. Ryan indicated that the DHS presently leases approximately 9,500 square feet of office space at a rate of \$19.25, per square foot, for a total annual rent of approximately \$190,000. Mr. Ryan indicated that there are parking issues at the present location, which do not exist at the new facility. Mr. Ryan explained that the increased amount of square footage being leased at the new facility is to accommodate six (6) staff members from the Department of Labor ("DLT") that will be joining the Department at the new location. Mr. Ryan indicated that DHS and the DLT are attempting to centralize their services as both agencies deal with much of the same clientele. Mr. Ryan explained that DLT will internally reimburse DHS for its portion of the rental fee based upon the amount of square footage its staff occupies. Mr. Griffith asked if this arrangement resulted in DLT surrendering office space elsewhere. Mr. Ryan indicated that is correct; however, DLT was actually seeking to relocate to another location so this arrangement has worked out well for everyone. Ms. Barclay explained that DHS and DLT have a benefit program, which requires that the two

agencies work in conjunction with one another; said program is referred to as Rhode Island Work. Ms. Barclay noted that in order to receive assistance from DHS, the clients have to participate in a job improvement program with DLT so this is a kind of marrying of those benefits through the Rhode Island Work Program. A motion was made to approve by Mr. Griffith and seconded by Mr. Kay.

Passed Unanimously

ITEM C – Department of Administration – A request was made for approval of and signatures on a License Agreement by and between the Department of Administration and Rhode Island Monthly Communications for use of the State House for a reception on Sunday, June 6, 2010. Mr. Schiappa indicated that Rhode Island Monthly Communications will be utilizing the Rotunda of the State House for said reception. The applicant has submitted the required fees and damage deposit. Chairman Flynn asked what the assessed fee is. Mr. Schiappa stated that the fee is \$750.00. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM D – Department of Administration – A request was made for approval of and signatures on a License Agreement by and between the Department of Administration and Johnson & Wales University to allow the University to utilize the State House for a reception on Sunday, November 7, 2010. Mr. Schiappa stated that two (2) individuals from Johnson & Wales University are present today to

answer any questions the Committee may have regarding the specific of said event. Mr. Schiappa noted that the University has also submitted the required fee and damage deposit for this event. Mr. Schiappa stated that the University has not yet submitted a Certificate of Insurance as the University is in the process of modifying its insurance policy. Therefore, the Committee's approval of said request would be subject to the submission of the appropriate Certificate of Insurance. Mr. Kay asked if there will be alcoholic beverages sold or served at the reception. Mr. Schiappa indicated that alcoholic beverages will be served at the reception. Mr. Kay asked if liquor liability insurance coverage was included on the previous insurance policy. Mr. Schiappa noted that it was included on the previous insurance and will be included on the modified insurance policy as well. A motion was made to approve subject to the submission of the appropriate Certificate of Insurance by Mr. Woolley and seconded by Mr. Kay.

Passed Unanimously

ITEM E – Department of Transportation – A request was made for conceptual approval to dispose of approximately 6,950 square feet of land comprised of three (3) parcels located adjacent to Louisquisset Pike in the Town of Lincoln. (Christine Bien to attend) This item is deferred to the May 25, 2010, State Properties Committee meeting at the request of the Department of Transportation.

ITEM F – Office of Secretary of State – A request was made for approval of and signatures on a Subordination, Non Disturbance and Attornment Agreement and a Tennant Estoppel Certificate relative

property located at 148 West River Street in the City of Providence. Mr. Welch explained that the current owner of the property located at 148 West River Street recently refinanced with Bank of Rhode Island. Bank of Rhode Island is requiring the execution of a Subordination, Non Disturbance and Attornment Agreement and a Tennant Estoppel Certificate as a result of said refinancing. Mr. Welch stated that the Office of Secretary of State entered into this lease in July of 2005, with the approval of the State Properties Committee. Mr. Welch stated that the package approved in 2005, included a similar subordination agreement and tenant estoppel certificate. Mr. Welch explained that sections 29 and 30 of the 2005 Lease Agreement mandate that at the request of the Landlord, the Tenant, Office of the Secretary of State, shall agree to execute and deliver the required documents in order to facilitate any future refinancing of the property.

For the benefit of the Committee, Mr. Welch provided a detailed explanation concerning the purpose of both, the Subordination, Non Disturbance and Attornment Agreement and the Tennant Estoppel Certificate and stated that both documents are part of the standard procedure for the refinancing of property that involves third-party lease agreements. A motion was made to approve by Mr. Woolley and seconded by Mr. Woolley.

Passed Unanimously

ITEM G – Department of Attorney General – A request was made for approval of an Easement Agreement by and between Robert F. and Marquita S. Troiano with respect to a sewer/water pipe connected into the drainage system under the rear parking lot utilized by the

Department of Attorney General located at 150 South Main in the City of Providence. Chairman Flynn noted that as Mr. Murray is not available to attend today's meeting, Mr. Woolley will provide the Committee with a brief explanation regarding the nature of this request. Mr. Woolley explained that the owners of private property located behind the Department of Attorney General have a sewer pipe that runs underneath the Department's property. Mr. Woolley indicated that there was a dispute between the Department and said property owners; however, the subject Easement Agreement resolved said conflict. Mr. Woolley explained that until now, the private property owners have been using said sewer pipe absent an Easement Agreement. Therefore, with the approval of said Easement Agreement, the burden of maintaining the easement shifts to the property owners and compels them to be partially responsible for completing any and all necessary repairs and/or the total replacement of said sewer pipe. The Easement Agreement also provides the property owners with the opportunity to engage a qualified vendor of their own choosing to service the pipe in the event it becomes clogged or any other issues arise. Chairman Flynn asked if the property owners have paid the State of Rhode Island for said easement as of yet. Mr. Woolley indicated he is unsure whether the assessed fee has been paid, but indicated that payment is imminent nonetheless. Mr. Woolley noted that the Easement Agreement is in the State's best interest and stated that he will abstain from voting relative to this request as he is employed by the Department of Attorney General. A motion to approve was made by Mr. Griffith and

seconded by Mr. Kay.

Three (3) Votes “Aye”

Mr. Griffith

Mr. Kay

Chairman Flynn

One (1) Abstention

Mr. Woolley

Passed Unanimously

ITEM H – Department of Environmental Management – A request was made for approval of and signatures on the License Agreement by and between the Department of Environmental Management and Fiske Independent Race Management (“F.I.R.M.”) to allow the F.I.R.M. to utilize a portion of the parking lot at Roger Wheeler State Beach for an All Woman’s Triathlon on August 21st and 22nd 2010. Mr. Faltus explained that the F.I.R.M. has requested the use of a portion of the parking lot at Roger Wheeler State Beach from 6:30 p.m. on Saturday, August 21, 2010, through Sunday, August 22, 2010, at 10:30 a.m. Mr. Faltus provided the Committee with copies of the Certificate of Insurance and Endorsement and noted that said insurance coverage is provided through USA Triathlon. Mr. Faltus explained that this event is similar to the Amica Ironman event although on a much smaller scale. Mr. Faltus stated that under the terms and conditions

of the License Agreement, a fee in the amount of \$3,450.00 is required for the parking spaces to be utilized during this event. The F.I.R.M. will be billed for any staffing costs associated with holding said event on the Department's property. Mr. Faltus stated that the F.I.R.M. is also required to provide the Department with a letter of approval for said event from the Town of Narragansett. Mr. Griffith asked if the Department has dealt with this particular organization in the past. Mr. Faltus indicated that the Department has not had any previous dealings with the F.I.R.M. prior to this event. A motion was made to approve subject to the submission of the letter of approval from the Town of Narragansett by Mr. Woolley and seconded by Mr. Kay.

Passed Unanimously

ITEM I – Department of Environmental Management – A request was made for approval of and signatures on a Consent and Approval of Easement Agreement for an easement from the City of Cranston to the USDA Natural Resources Conservation Service ("NRCS") to the Department of Environmental Management to facilitate a flood capacity restoration project. Ms. Kay explained that the Department transferred the property known as Fay Field located along the Pawtuxet River to the City of Cranston in November of 1992, subject to the City utilizing said property as a public park for outdoor recreational purposes. In accordance with the Transfer Agreement, the City of Cranston is required to obtain the approval both of the State of Rhode Island and the State Properties Committee prior to any conveyance of any interest in the subject property. Ms. Kay explained that fairly recently the City of Cranston was notified by

NRCS that there is federal funding available for flood mitigation projects along the Pawtuxet River. Ms. Kay explained that in order to accomplish the flood capacity restoration project, the NRCS needs the City to grant them an easement over the Fay Field property. Ms. Kay indicated that over the past several weeks, the Department has been working with the City to procure an arrangement that would allow the City to obtain approval to grant the necessary easement while still complying with the terms and conditions of the Transfer Agreement. Ms. Kay stated that the property comprises two (2) ball fields and associated parking and that said uses will continue uninterrupted during the restoration project. However, there will not be any additional development of ball fields or associated parking, which would most likely be inconsistent with the environmental value of the remaining portion of the Fay Field property. The other more passive use of the remaining portion of the property will also continue to occur, but could be temporarily impacted by the project. Ms. Kay stated that the City of Cranston is receiving compensation for the easement, which it plans to reinvest in additional flood plain work as well as providing some passive recreation amenities along the Pawtuxet Riverfront in order to make it more accessible to the public, to improve existing trails and things of that nature. Chairman Flynn asked Ms. Kay to further clarify the Department's concern relative to the City of Cranston granting an easement to NRCS. Ms. Kay explained that the Department's primary concern is that the property was condemned by the Metropolitan Park Commission back in 1918, with funds appropriated by the General Assembly and paid

for by the people of the State of Rhode Island for use as a public recreation site. Ms. Kay stated the Department has an obligation to ensure that the property continues to be utilized for public recreational purposes, just as it does now when property is purchased for a particular use with bond funds. Ms. Kay stated that as the subject property was transferred to the City for public recreational purposes, the Department intends to make certain the property continues to be used for that purpose. Ms. Kay stated that the Department does not want the City entering into a lease agreement whereby the subject property would be used for private recreation for profit. Ms. Kay further explained that the easement area is outside the portion of the property where the ball fields and parking are situated and the Department has received assurances from the City that it intends to keep the access and trails along the riverfront open to the public and these are the types of passive uses the Department very much supports in the area. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM J – Department of Environmental Management – A request was made for approval of and signatures on an Indenture of Lease by and between the Department of Environmental Management and Interstate Navigation Company for the lease of Lots 217, 219, 219A and 220 in the Port of Galilee. Ms. Bisson explained that Interstate Navigation Company has leased the above-referenced lots since 1936 to operate its ferry service business to Block Island from the Port of Galilee. Ms. Bisson stated that under the terms of the Indenture of Lease

Interstate will rent the premises until 2015 with seven (7) five (5) year options to extend the Lease. Therefore, the Indenture of Lease can actually be extended until the year 2050. A lease fee of .80¢ per square foot was established via an appraisal conducted by Sweeney Real Estate Appraiser. Ms. Bisson explained that Pier P, which was originally owned and built by Interstate Navigation Company is now dilapidated. Interstate Navigation Company has proposed rebuilding said pier for an estimated cost of \$110,000. Therefore, this Indenture of Lease waives the rental fee for Pier P for the first ten (10) years in an effort to off set the costs incurred by Interstate Navigation Company to rebuild the pier. Under the terms and conditions of the Indenture of Lease, Interstate Navigation Company is required to carry liability insurance as well as fire and extended insurance with the State of Rhode Island listed as additional insured. Ms. Bisson stated that the Indenture of Lease includes operational provisions to facilitate public safety and to reduce pollution problems affecting marine waters. Ms. Bisson explained that a new provision of the Lease requires Interstate Navigation Company to use the sewage pump-out terminals in Narragansett for the discharge of sewage waste from ferry operations. Interstate Navigation Company has invested more than \$100,000 to ensure compliance with said provision. Chairman Flynn asked in view of the consideration of the rental fee given to Interstate Navigation Company because of the cost of rebuilding Pier P, will they be required to submit receipts and the like to the Department evidencing that they in fact incurred \$110,000 in costs. Ms. Bisson explained that in accordance with the Indenture

of Lease, all construction plans must be reviewed and approved by the State prior to the commencement of any construction. The State will also monitor the progress of the repair project, and upon its completion, Interstate Navigation Company will be required to submit a final statement/report of any and all expense incurred relative to the rebuilding of Pier P. A motion was made to approve by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM K – Department of Environmental Management – A request was made for approval of and signatures on a Tripartite Agreement by and among the Department of Environmental Management; Interstate Navigation Company; and The Washington Trust Company related to the lease of Lots 217, 219, 219A and 220 in the Port of Galilee. Ms. Bisson explained that the Tripartite Agreement addresses the financial arrangements between Interstate Navigation Company and The Washington Trust Company. This Tripartite Agreement merely replaces the previous agreement. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM L – Department of Environmental Management – A request was made for approval of and signatures on a Lease Agreement by and between Department of Environmental Management and Interstate Navigation Company for the lease of Lots 261, 262, 263 and 264 in the Port of Galilee. Ms. Bisson explained that the subject lots are leased to Interstate Navigation Company to accommodate employee parking,

standby parking for ferry vehicles and for temporary staging for the off-loading of goods and materials being brought to and from Block Island. Ms. Bisson stated that the initial term of this Lease Agreement is until the year 2015, with three (3) five (3) year options to renew the Lease Agreement through 2030. The rental rate is .60¢ per square foot or \$19,200 per year. Said fee was established via an appraisal conducted by Sweeney Real Estate Appraiser. Ms. Bisson noted that the Lease Agreement requires Interstate Navigation Company to carry liability insurance with the State of Rhode Island listed as

additional insured. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM M – Department of Environmental Management – A request was made for approval of and signatures on an Assumption and First Amendment of Lease Agreement by and between the Department of Environmental Management and Galilee Grocery for the lease of Lot 274A in the Port of Galilee. Ms. Bisson stated that Galilee Grocery has leased the subject property since 2006, conducting a business as a small grocery store. The store serves the residents of Galilee as well as the commercial fishermen who operate out of the Port of Galilee. Ms. Bisson explained that the shares of Galilee Grocery were sold to William J. Pacheco and he would like to continue to operate this business and assume all obligations under the Lease Agreement.

Mr. Pacheco is paying the rental rate of .70¢ per square foot or \$4,173 per year. The Lease Agreement also requires Galilee Grocery to carry

liability insurance for bodily injury including death and property damage with the State of Rhode Island listed as additional insured. Mr. Kay asked if the insurance policy includes product liability coverage. Ms. Kay stated that she believes product liability is covered under the general comprehensive liability insurance. Mr. Kay indicated that property liability is not covered under the general comprehensive liability insurance; the policy must specifically and separately address the existence of product liability insurance coverage. Mr. Kay indicated that the present policy can be amended to include product liability coverage. Ms. Bisson stated that she would see to it that the insurance policy is amended to include product liability coverage. Mr. Woolley noted that the word “force” had been inadvertently omitted from a sentence on page two (2) of the document and asked if said error had been corrected. Ms. Bisson indicated that she forwarded the corrected substitute page two (2) to Ms. Rhodes who had inserted the same into the document. A motion was made to by Mr. Woolley subject to the insurance policy being amended to specifically include product liability coverage. Said motion to approve was seconded by Mr. Griffith.

Passed Unanimously

ITEM N – Department of Administration – A request was made for approval of and signatures on a Purchase and Sale Contract by and between the Department of Administration and Michael A. Grieco (d/b/a) Garwaine Realty relative to the property located at 1670 Hartford Avenue in the Town of Johnston. Mr. Ryan explained that the subject property is the current location of the State’s IT operation.

The IT operation will be relocating to the facility located at 50 Service Avenue in the City of Warwick; however, until the renovations and the expansion of the computer room at the new facility are complete, the State will be leasing back the 1670 Hartford Avenue property to allow the IT operation to remain there temporarily. Mr. Ryan noted that said arrangement was made a part of the Request for Proposals and the Lease Agreement is attached as an exhibit to the Purchase and Sale Contract. Mr. Ryan stated that the proposed closing date for the subject property is June 30, 2010. Mr. Ryan submitted a letter to the Committee from Director Rosemary Booth-Gallogly indicating that in her capacity as Chief Purchasing Officer, she approves of the sale of the subject property and believes it is in the best interest of the State of Rhode Island. Mr. Grieco has submitted the required deposit of \$50,000 and the parties are moving toward a closing of the property on or before June 30, 2010. Mr. Griffith asked what the term of the Lease Agreement between the State and Mr. Grieco. Mr. Ryan explained that because the anticipated closing date is June 30, 2010, the term of the Lease Agreement runs from June 30, 2010, through June 30, 2011. Mr. Ryan also explained that the Lease Agreement contains provisions that allow the State to terminate before the expiration of the lease as well as a provision that allows the State to continue to lease the premises on a month to month basis after its expiration in the event the renovation of the new facility take longer than expected. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM O – Department of Children, Youth and Families – A request for

permission to retransmit a Resolution to the Senate and House requesting approval of a three (3) year Lease Agreement , with an option to extend for an additional seven years for the Bristol Office. By way of background, Mr. Peterson stated that in June of 2009, the Department appeared before the State Properties Committee requesting permission to renew three (3) of its leases, which included leased property located in North Kingstown at a cost of \$308,000 per year; leased property located in Pawtucket at a cost of \$477,000 per year; and lastly leased property located in Bristol at a cost of \$260,000. The Department transmitted those Resolutions to the General Assembly who in turn passed them on the Senate, who transferred them to the House of Representatives. Mr. Peterson reminded the Committee that the House of Representatives adjourned its session prior to considering said Resolutions. When the House of Representatives resumed its session in October of 2009, the Director Sasse of the Department of Administration and Director Alexander of the Department of Human Services began examining all of the leases to determine where the State could consolidate space. Mr. Peterson noted that he is happy to report to the Committee that the Department moving out of premises located in Pawtucket at a saving to the State for the current rent of \$499,000 per year. The staff from the Pawtucket Regional Office is being divided between an existing lease in Woonsocket at the DHS building and the 101 Friendship Street building, which has been reconfigured to accommodate the additional staff. Mr. Peterson noted that with regard to the North Kingstown lease, the Department has agreed to relocate that office to the

Governor Steadman Building once the Division of Capitol Projects works out the details.

This item is deferred to a future meeting of the State Properties Committee at the request of the Department of Children, Youth and Families.

There being no further business to come before the State Properties Committee, the meeting was adjourned at 10:58 a.m. A motion was made to adjourn by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

**Holly H. Rhodes, Executive Secretary
State Properties Committee**